European Investment Bank (EIB) - Annual report 2014

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The Committee on Budgetary Control adopted an own-initiative report by Georgi PIRINSKI (S&D, BG) on the European Investment Bank (EIB) – Annual Report 2014.

Members recalled that the core task of the EIB, is to support financially projects in the interest of the Union that contribute to the balanced development of the internal market and to social, economic and territorial cohesion, and thus strengthen European integration.

The EIB's investment programme should **underpin the EU policy objectives** in the following way:

Prioritising investments to accelerate recovery and enhance productivity: Members encouraged the EIB to continue in its efforts to increase the low level of investment in the EU.

Members welcomed the fact that in 2014, **the EIB funded 285,000 small and medium-sized enterprises, thus safeguarding 3.6 million jobs**, and signed contracts for a total of 413 projects within the EU worth EUR 69 billion and 92 new projects outside the EU for a total of EUR 7.98 billion. They were delighted that the volume of signatures achieved by the EIB in 2014 is at its highest level since 2009, but stressed that signature levels have further potential.

The EIB was called on to:

- provide increased **technical support at pre-approval stage** for Member States that have a lower success rate for project approval;
- focus on **investments in the real economy** in order to stimulate jobs and growth in the EU;
- target its operations at generating investments that enhance economic recovery and **productive employment**;
- give decisive priority to the **long-term effect of investments**, regarding not only financial indicators but also, above all, their contribution to sustainable development and to a better quality of life by means of further improvements in the field of employment, social standards and the environment.

The report emphasised that project funding approval should be based on **adequate financial and risk analysis**, financial viability and sound budgetary management. Projects approved for EIB funding should **offer clear added value** to the European economy.

Promoting youth employment, innovation and SMEs: Members encouraged the EIB to continue investing in education, skills development and jobs for young people and called on the EIB to report comprehensively on the results achieved by its **Investing for Youth** initiative.

Noting that SMEs in many parts of Europe face extreme difficulties accessing necessary finance, Members welcomed, in this context, the greater emphasis the EIB is placing on **supporting SMEs**. They emphasised the importance of the EIB in facilitating partnerships and strengthening support instruments for funding micro, small and medium-sized enterprises' activity and for innovative start-ups. They called furthermore on the EIB to cooperate more closely with regional public institutions with a view to optimising the financing possibilities for SMEs.

Enhancing environmental sustainability and climate action: the report noted that out of the 84 environment projects signed in 2014 inside the EU, amounting to a total of EUR 12.6 billion, sustainable transport projects accounted for EUR 5.1 billion, renewable energy and energy efficiency projects for EUR 3.7 billion, and protection of the environment projects for EUR 3.8 billion.

The report welcomed the launch in 2014 of **new innovative instruments** to support climate action, such as the Private Finance for Energy Efficiency instrument and the Natural Capital Financing Facility.

Members encouraged the EIB's commitment to supporting initiatives helping the EU both to stay a front-runner and to fulfil its own long-standing carbon market ambitions. They called for a review of the share of EIB investments in climate action, as the 25% share has already been reached.

Promoting economic and social cohesion and convergence: EUR 19.9 billion, or 29% of total EIB financing inside the EU in 2014, were for operations supporting cohesion. Members regretted, however, that there is no information about the number of projects supported by the EIB Group under the relevant sectors. They urged the EIB to include in its future annual reports **detailed information about the contribution and results achieved** towards implementing the objectives of cohesion policy.

The report called for EIB financing to be **deployed towards the areas most affected by high unemployment**, and for more social infrastructure projects. EIB financing should focus primarily on those countries which are lagging behind in terms of infrastructure quality and development, bearing in mind, however, the principle of sound financial management and viability of projects.

Members were concerned by the tendency to finance infrastructure such as motorways, which encourage fossil fuel consumption and therefore run counter to the Union's long-term objectives of moving towards a carbon-free economy. They called for increased support to projects covered by the EU **macro-regional strategies**.

European Fund for Strategic Investments (EFSI): Members welcomed the new EFSI, emphasising the need for the EFSI to function in an **effective, fully transparent and fair** way. They recommended close cooperation and overview of EFSI operations by Parliament and the European Court of Auditors.

The report stressed that the EFSI **should benefit all Member States** without sectoral and regional pre-allocation, and should also be consistent with ongoing regional or local investment initiatives; emphasises that EFSI funding should also benefit small-scale projects.

Furthermore, it recommended that Member States designate **national promotional banks** and closer cooperation between the EIB and national promotional banks, financial institutions and investment platforms, in order to pool and share expertise and know-how as well as to better align EIB actions with Member States' policy priorities.

Members recalled that the EFSI guarantee was meant to enable the EIB to take more risks **while maintaining its triple-A rating**. They stressed that they will be extremely vigilant in monitoring compliance with this criterion.

In addition, the report called on the EIB:

- **to seriously assess the financial, social and environmental impact** of the Project Bonds Initiative;
- **to update the external dimension of EIB interventions** by paying particular attention to third countries and regions outside the EU suffering from conflict and extreme poverty and continuing to actively promote sustainable growth in developing countries; Members encouraged the EIB to develop and deploy the necessary comprehensive approach in response to the severe challenges generated by the flow of migrants to Europe;

- **to enhance the EIB’s governance, transparency and control framework.**

The EIB is called on to: i) to update its policies in the context of the ex-ante assessments of undertakings which are the subject of judicial investigations, as well as policies on anti-money laundering and on combating the financing of terrorism and organised crime; ii) guarantee maximum transparency and publicity regarding the system of contracts and subcontracts; iii) to develop more stringent rules on conflicts of interest; iv) to ensure that companies participating in projects co-financed by the EIB should be required to adhere to the principle of equal pay and pay transparency and to the principle of gender equality.